

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6247

BILL NUMBER: HB 1647

DATE PREPARED: Feb 16, 2001

BILL AMENDED: Feb 14, 2001

SUBJECT: Autism Waiver Funding.

FISCAL ANALYST: Alan Gossard

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FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill appropriates to the Office of Medicaid Policy and Planning (OMPP) from the state General Fund an amount sufficient for use in funding an increase in the number of eligible individuals served under the Medicaid Autism Waiver. The bill requires OMPP to request an amendment to the Autism Waiver to provide coverage for Applied Behavior Analysis treatment. The bill also appropriates from the state General Fund an amount sufficient to increase the number of individuals served under the Medicaid Autism Waiver. (The introduced version of this bill was prepared by the Indiana Commission on Autism.)

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) This bill appropriates an amount from the state General Fund sufficient to fund an additional 100 individuals on the Medicaid Autism Waiver for FY 2002 and an additional 200 individuals for FY 2003 (over the current waiver capacity of 200). The additional state cost from expansion of the waiver capacity is estimated to be \$1.258 M to \$1.557 M for FY 2002 and \$2.516 M to \$3.114 M for FY 2003, if fully implemented. Expenditures in any particular year would depend upon the time required to obtain approval from the Health Care Financing Administration (HCFA) for the change in the waiver and upon administrative action in filling the waiver slots once HCFA approval is obtained.

The estimates for expansion of the waiver, described above, are based on *current* average costs. This bill also provides that the Autism Waiver is to provide coverage for Applied Behavior Analysis treatment for individuals with autism. These services can cost \$33,000 to \$50,000 annually per child over an average duration of three years. This can increase the annual state cost per slot from \$12,500 to \$19,000 *for those individuals provided these services* (over a current average state cost per slot ranging from \$12,600 to \$15,600). However, it has been reported that there are significant cost savings attributable to these early intervention services. Ultimately, the additional direct costs to the waiver program will depend upon administrative decisions in designing the Autism Waiver with Applied Behavior Analysis services and upon

legislative decisions in funding the waiver services.

Background: Total additional costs are estimated to be \$3.311 M to \$4.097 M for FY 2002 (federal share: \$2.053 M to \$2.54 M; state share: \$1.258 M to \$1.557 M). For FY 2003, the additional costs are projected to range from \$6.622 M to \$8.194 M (federal share: \$4.106 M to \$5.08 M; state share: \$2.516 M to \$3.114 M). This estimate is based on the current average cost of an individual on the Autism Waiver ranging from \$91 to \$114 per day. [The range in cost estimates is based on (1) the recommended appropriations for the 200 slots currently funded and (2) the current care plan budgets for individuals.] Ultimately, the total costs depend upon the service requirements of the particular individuals on the waiver at any given time, the funds available for the waiver, and the time required to get individuals onto the waiver.

For FY 2002, there will be 400 slots on the Autism waiver by current statute. However, only 200 slots have ever been funded. This bill increases the number of slots by 100 for FY 2002 (making a total of 500 slots) and by an additional 100 in FY 2003 (making a total of 600 authorized slots). The costs, described above, do not account for any cost of funding the 200 slots that are currently authorized, but unfunded. The costs above are only for the additional slots provided in this bill. Ultimately, the impact of this bill will depend upon legislative and administrative actions in funding authorized slots.

The estimated costs described above are also based on average costs of current waiver clients without the new waiver service provided by the bill. The bill also provides for the addition of "applied behavior analysis" as a service provided under the waiver. Jacobson, et.al., (1998) report that early, intensive intervention based on the principles of applied behavior analysis, substantial numbers of children with autism can attain intellectual, academic, communication, social, and daily living skills within the normal range. Assuming average participation in early intensive behavioral intervention for three years between the age of two years and school entry, estimates of cost savings range from \$187,000 to \$203,000 per child for ages 3-22 years, and from \$656,000 to \$1,082,000 per child for ages 3-55 years. This assumes a range of treatment effectiveness, with some children ultimately participating in regular education without supports, some in special education, and some in intensive special education. Costs of participation in early intensive behavioral intervention are assumed to range from \$33,000 to \$50,000 per year per child over an average duration of three years.

There would also be offsetting expenditures, to some extent, to home and community-based services to autistic individuals compared to the cost of institutional services. Although it is not clear what the true cost effectiveness of home and community-based services waivers is, to the extent that an individual (who would otherwise have to reside in an institution) is provided waiver services in the community at a lesser cost than in the institution, a savings to the state would occur. However, if an individual has sufficient family and community support to be able to remain in the community anyway without state help, but is provided services under the waiver, the state incurs additional Medicaid costs that the state would not have incurred without the waiver. Thus, a fiscal savings would not exist for this type of individual. The true cost effectiveness of a waiver, thus, depends upon the mix of individuals on the waiver, how the waiver is administered, and how tightly controlled is the access to waiver services.

Timing of the expenditures depends upon the length of time required to obtain approval from HCFA for the change in the waiver. This can include the time required for the state to complete an application for the waiver, as well as the time required for HCFA to respond. Timing of expenditures also depends upon administrative action in filling the waiver slots once HCFA approval is obtained. Filling the waiver slots later in the year will result in lower total expenditures for the year than if the slots were filled early.

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding federal financial participation in the Medicaid program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected:

Information Sources: Kathy Gifford, OMPP, (317) 233-4455.

Jacobson, John W., James A. Mulick, and Gina Green, "Cost-Benefit Estimates for Early Intensive Behavioral Intervention for Young Children with Autism: General Model and Single State Case", Behavioral Interventions, 13, pp. 201-226, 1998.